

**City of Florence  
State of the City & Budget Address**

**Mayor Diane E. Whalen**

**June 8, 2010**

Each year, by law, the Mayor is required to present a budget message as well as a report on the State of the City. As I have done for the past several years, I have chosen to combine the two.

This address will provide you with financial information, update you on personnel changes, highlight the projects we have completed, report on the projects in process, communicate the progress in our city, and take a look at our future.

For the past few years, our proposed budget has brought with it many unknowns. As a city and as active members of our community, we have witnessed the economic challenges facing our friends, our neighbors, our businesses, as well as state and local government agencies. Florence is fortunate that, through conservative budgeting and planning over the years, we have remained fiscally sound, though we have not been immune from these national economic realities.

Every year we evaluate our resources to ensure that the City operates in the most efficient manner possible. We have taken an extremely conservative approach to our expenditures so that the City can continue to

provide the services our residents and businesses have come to rely on. Our budgeting process ensures that we do not automatically increase departmental expenditures each year; rather our department heads typically begin the budgeting process with no increase in their line items. They then submit requests for additional funds for specific purposes. Some of these requests are funded while others are not. This means we are constantly looking for ways that we can operate our departments more efficiently. While some current economic indicators have been positive, there are many others that remain negative. In light of the economic uncertainty that still is present, we again took a hard look at our expenditures while crafting this budget. This year we asked department heads to start the budget process with a base amount less than that of the previous year. We have continued to make tough decisions and maintain close oversight of day-to-day operating, capital and personnel expenditures. During the upcoming fiscal year, the City will eliminate one part-time position, as well as leave one part-time and four full-time authorized positions unfilled until we have a clearer view of budget realities and staffing requirements.

The General Fund budget totals \$27.6 million. This budget figure includes operating and capital expenditures including transfers to other City funds for operations of the golf course and aquatic center. The operating

expenditures are \$20.3 million and are projected to increase .09% over those budgeted for fiscal year 2010. The City also has planned expenditures for capital items in the amount of \$6.7 million. This includes the World of Sports Facility, a Senior Center, a Fire Sub-station, as well as equipment, vehicles, and street projects.

In early May, the City Council held a budget retreat to discuss the annual planned expenditures for each of the City departments, along with the capital projects that we plan to complete or start for fiscal year 2011. During this retreat each Department Head presented their budget and discussed their needs and the issues they will face in the coming year. The resulting budget follows our conservative budgetary principles, remains financially sound, and allows service delivery to occur in the manner our residents and businesses have come to expect.

The budget for fiscal year 2011 represents a comprehensive spending plan for all City funds. The budget reflects all known and estimated increases in costs as well as the estimated projections for the various sources of revenues. As the economy continues to shift and find its footing, these numbers will be subject to continued analysis and review. Our occupational license fees, insurance premium tax, payroll tax receipts and real estate tax revenues are all dependant on the economic conditions. City Council is

provided with a monthly financial report which shows variances between expected revenues and expenditures so Council is able to monitor whether the current budget will need any adjustments.

In order to maintain public confidence in the fiscal stability of the City, a Comprehensive Annual Financial Report of the City's financial records is prepared each year by our Finance Director and that report is then audited by an independent audit firm. The report and results of the audit are used by Council and by rating agencies to evaluate the City's financial condition. The City's Comprehensive Report has been recognized once again by the Government Finance Officers Association for excellence in financial reporting. Our sincere thanks to Linda Chapman and her department for their efforts in making this happen again this year.

Each year as part of the budget process we discuss our budget reserves and the fiscal health and solvency of the City. Over the past several years, the respective City Councils have recognized the importance of not only planning for the current year but ensuring that our fund balance will play a part in the long-term sustainability of the community.

Florence is fortunate that we have continued to experience some conservative growth and development in light of the economic downturn. In the City of Florence for 2009, total construction costs were just under \$35

million. While that number is comparable to the 2008 total, it is still down from the 2007 pre-recession number of \$72.7 million. This demonstrates that there is still a lull in new development and redevelopment because of the economic conditions. The City of Florence is now the 9<sup>th</sup> largest city in the Commonwealth, with a 2009 population estimate of 27,745, which represents approximately a 2.1% increase in population over 2008. During the past year, the City of Florence has participated in the efforts of the United States Census. As those results are analyzed, we will have a clearer picture of how Florence has developed over the past decade.

While staff changes were relatively few this year, I do want to take this opportunity on behalf of the City to thank those who have either joined our organization or continue to serve in new promotional positions. We were happy to welcome Rick Lunnemann back to the City after a brief hiatus. Rick returned to serve as City Coordinator in a seamless transition after the retirement of Pat Wingo. Pat served the City for six years. The Finance Department welcomed one new employee this year, Andrew Anderson, who filled the position of Occupational License Inspector. And in the Fire Department, Steve Schreck was promoted to Lieutenant and Dave Piening, Kyle Kaufman, and Greg Vincent were promoted to Apparatus Operators. On the volunteer side of the Fire Department, Todd Brown was

promoted to Lieutenant and Josh Corry and Brad Foley were promoted to Apparatus Operators. In addition, the City saw Apparatus Operator/Firefighter John Russell retired after 24 years of service to the City.

Finally, there are a couple of honors received by some city employees that are worth noting. In January, Fire Medic Rob Brown received the 2009 Emergency Medical Services Award from the Northern Kentucky Firefighters Association. Fire Medic Adam Begley was also nominated for this award. In April, Peggy Kallenborn, Administrative Secretary in the Police Department, was honored as the Northern Kentucky Chamber of Commerce's Administrative Professional of the Year. Also, Police Chief Tom Szurlinski was sworn in as the President of the Northern Kentucky Police Chief's Association. The City is grateful for the dedication, time, and knowledge the residents and visitors to Florence receive from a group of worthy public servants. You all make the City of Florence a better place and we truly appreciate you.

Last year our city departments continued to implement the various programs we have instituted over the years.

The Fire/EMS Department continues to operate two fire stations 24 hours a day, seven days a week with 52 paid personnel. They not only

respond to 911 emergency calls, but also provide training, fire inspections, community education and safety programs, as well as hydrant testing. We also provide volunteer staffing at our third fire station on Main Street. We count on our volunteers who make themselves available to complete our Fire & EMS department, and allow us to maintain our high level of service to the community. Volunteers are one of our greatest assets and we are extremely grateful they have committed to spend their time and energy with the City of Florence.

The City now has an authorized strength of 61 sworn police officers, offering a multitude of programs keeping our community safe including but not limited to, the criminal investigations unit, the Patrol Division which includes our Bike Patrol, Canine units, accident reconstruction and crime scene investigation. Our SWAT team successfully responds to critical incidents and our Community Resource division offers a variety of programs to our local schools as well as adults and other youth programs.

Our 65 member Public Services Department continues to keep our community looking first class by professionally managing and maintaining streets, sidewalks, buildings, grounds, fleet services, water, sanitary sewer, storm water, capital improvements, GIS services, urban forestry, code enforcement, and the complaint/request program.

Road improvements are completed or nearly complete on 30 city streets. Various sidewalks were replaced throughout the city as needed. During the past year, the Public Services Department coordinated and supervised water main replacement on Utz, Coreta, Surfwood, and Action, in addition to repairing 22 main breaks and 86 service leaks.

The Code Enforcement Board continues to have a positive impact on our community resulting in a more effective and rapid resolution of violations. In addition to all of the issues code enforcement handles, just as a snapshot of their work that we do not notice, they removed 2428 illegal signs from the public Right-of-Ways last year.

Our snow removal program is second to none and receives compliments and praise every time we are called into service. The great snow removal service was evident this past year with the record snowfall that Public Services battled.

Our commitment to provide top quality recreational facilities for our residents continues as we begin the eighth year of operation of our Family Aquatic Center on the Government Center campus. The Florence/Boone County Skate Park is also in its eighth year of operation on the Government Center property and it continues to be a regional favorite.



Our tree planting program is continuing, thanks to the efforts of the Urban Forestry Commission and the willingness of this and prior councils to budget funds for the projects. The City's beautification strategy is a positive enhancement to our city, and included in this year's budget – supplemented by a grant for over \$400,000 – are funds for the Turfway Road beautification project. Since this is a grant, as soon as the City receives approval from Frankfort to move forward with this project, we will.

Finally, the Administrative Department is made up of the Mayor's Office, Finance, and City Clerk. They provide general management of city operations, support in the form of tax collection and licensing, water billing and collections, as well as daily accounting functions. We appreciate their hard work in ensuring that all businesses and residents are compliant with city ordinances and policies. They also provide the City's human resources needs, risk management, records maintenance by the City Clerk, economic development as well as public relations and coordination of community events. The department also produces new resident orientation information packets designed to help the newest residents of our community become familiar with all the programs and services the City has to offer. The support services provided by the Administrative Department are an

important and sometimes forgotten part of the smooth operation of city government.

As we all know, the past two years have presented tremendous economic challenges to our nation. While we are fortunate that we are in a region of the country that has not been impacted as severely as other areas, we have clearly been impacted by the slowing of both residential and commercial growth and development. My office works with developers every day to either encourage new development or redevelopment and to provide assistance in efforts to locate in Florence.

Even in these slow times, it is as important as ever that we continue these efforts to continue to provide the quality of life our residents have come to enjoy close to home.

The proposed budget includes funding for the development of a Senior Citizens Center at the former city building site on U.S. Highway 42. We were excited to receive the news from the Governor's Department for Local Government that the City was awarded a \$500,000 community development block grant and an energy grant in the amount of \$105,400 to help offset the cost of this amenity for our growing senior population. Planning is well underway, and as soon as the City is given the go ahead to expend the grant dollars, we are ready to bid out and then begin construction

this summer. The World of Sports redevelopment, which Council approved funding for in the current fiscal year, is also well underway. This redevelopment will result in the World of Sports complex becoming a 21<sup>st</sup> century family and community focused recreational destination. Funding is also included for a new fire substation. The Administration is currently working with the Fire Chief to determine if the fire substation would be most appropriately located in the Houston Road corridor or on the Government Center campus.

Our community has experienced tremendous residential growth since the mid-1990's. I believe that the growth can be partially attributed to the high quality services we provide, our commitment to providing parks and facilities and the overall quality of life that Florence has to offer. To meet the needs and requests of our community, we have had an aggressive capital program, from building new recreation facilities, to expanding our parks programs.

This year's budgeted capital projects have been in the discussion and planning stages for a number of years. While there are no new large capital construction projects planned in the immediate future please be assured that any new projects proposed will go through the same type of discussion and scrutiny that occurred as we planned for these.

As we move forward and in light of the economic conditions, our focus has turned to maintaining our amenities and continuing our primary city services and public activities.

We held our successful Youth in Government program again this year partnering with Boone County Schools. The three-day and one-evening event provided the opportunity for approximately 1000 elementary school students with an opportunity to learn about the various functions and duties of the Mayor and City Council, the Police Department, Fire Department, Public Services Department, and Administrative Department. Youth in Government program was also offered on a Tuesday evening before a City Council meeting to provide parents, children, and scout troops the opportunity to learn about their City government as well.

The City will once again partner with our local civic groups and businesses to host various events to help us facilitate our sense of community. The popular neighborhood nights out, a Labor Day parade, an expanded July 4<sup>th</sup> celebration and fireworks display, the annual Halloween event, Veteran's Day event, the Christmas tree lighting and various other events are planned throughout the year. These partnerships and donations help to greatly offset the cost of these functions.

The community meeting rooms here at the Government Center continue to be well used and provide an added benefit to our citizens and community groups who require a safe and affordable place to hold meetings. The Veterans Memorial remains a source of pride and provides the perfect backdrop for community events held, including the Memorial Day ceremony, and we will again host the Vietnam Moving Wall on our campus October 14<sup>th</sup> – 18<sup>th</sup> . We invite you attend this moving historical display.

The Northern Kentucky Area Development District operates a satellite office in the Government Center which provides the needed space for the operation of the WIA Youth Program and the Kentucky Works Program. Also located in the Government Center are the satellite offices for the Boone County Circuit Court Clerk and the Boone County Clerk. This provides the citizens of Florence as well as other parts of Boone County with the ability to renew driver's licenses and automobile tags without making a trip to Burlington. These other government office operations are one more way the city provides one-stop access to local and state government offices and services.

State and federal funding have provided for the completion of Phase I of Industrial Road's reconstruction from US 42 to US 25 and the funding of

Phase II from US 25 to Turkeyfoot Road. Construction on that portion is slated to begin early this fall and last into 2011.

Last year at this time, I touted the good news that Mall Road reconstruction had been fully funded by the Commonwealth of Kentucky and that planning was underway. Now, a year later, we broke ground and work is well underway for Phase I of the Mall Road reconstruction. Phase I, from KY 18 to Plaza Boulevard, will be substantially complete in the Fall. The redevelopment of Mall Road is one of the most important economic development priorities not only for our City, but for our region. I cannot express the gratitude this City has for Governor Steve Beshear in ensuring this project became a reality.

In closing, I would like to mention that the members of City Council and I appreciate the confidence you have placed in us to serve you as your local elected officials. We take this responsibility seriously and we are committed to making decisions that are in the best interest of our community. After all, we live here too!

We understand the City operations are literally a 24/7 operation, whether we are asked to respond to a 9-1-1 emergency call, perform snow removal, respond to a traffic accident, repair a water line break, or address a citizen's concern. We understand and appreciate that every decision made

and/or service offered will affect at least one person in the community, and that a local government cannot exist, or function without its residents and business community. We encourage any member of our community to attend our meetings, contact your elected officials, or a member of City staff if you have a concern, need assistance, or just need information.

The city remains committed to our biggest asset and that is the people who work and volunteer to provide the very best service to our citizens. No matter what we identify as needs within our city budget, the implementation and execution of those needs fall on the shoulders of our employees and volunteers. It is through their hard work and dedication that our community remains safe, attractive, affordable and fun. We truly appreciate their efforts!

The proposed Fiscal Year 2011 budget makes the best use of taxpayer funds, maintains our high level of service and is fair. As I remind you each year, the budget is a working document, subject to change, as needed throughout the year as Council deems necessary and appropriate.

Our dedication to providing the highest level of service at the lowest possible cost remains our goal. Again, I would like to express my sincere thanks to our employees, the many volunteers and each of you on council for your dedication, support and encouragement. There will most certainly be

many challenges facing Council in the future, but I am confident the decisions we make will be in the best interest of the city.

I look forward to the completion of these and other projects during the next fiscal year. We continue in the knowledge that Florence is currently fiscally healthy. In order to continue our fiscal wellbeing and be responsible to our stakeholders, we will need to keep our focus on the bigger picture of providing for not only the present, but the future needs of our city. If we are successful in doing that, Florence will continue to be a great place to live, work and play and our commitment to you all is to make it even better.